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DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

THE THIRD NATIONAL CONFERENCE ON MARKETING AND FARM CREDITS, held in Chicago, November 29—December 2, brought together the greatest group of experts on these problems that our country has ever seen. There were present 432 delegates from 40 different states, 3 Canadian provinces, and one foreign country. The delegates were farmers, bankers, professors, editors of farm papers, managers of coöperative enterprises, railway traffic men, officials from grain exchanges, officers of the Equity Society and other farmer unions, representatives of the state departments of agriculture, state marketing bureaus, and the Department of Agriculture at Washington.

The program was a joint program with the National Council of Farmers' Coöperative Associations and the National Association of Marketing Officials. The conference limited its attention strictly to the two problems—marketing and farm credits; and was a clearing house of ideas and practices. The 58 speakers are all specialists in the matters which they discussed, some being men of international reputation.

Myron T. Herrick, former ambassador to France, author of our leading work on rural credit, delivered an important address on "A plan for financing farm business." Mr. Herrick is satisfied on two points: that coöperative credit must come through self-help, not government subsidy, and that the money market will absorb all the standard long-time paper in the form of debentures, land association bonds, or other standardized forms of land credit which will be issued. This paper should run for a long period, at a low rate of interest, principal and interest payable on the amortization plan. Mr. Herrick sounded a note of warning against unsound credit schemes proposed by politicians or vote-getters, or by local promoters who see a chance to exploit a popular movement.

Continuing the discussion on rural credits as related to land purchase, Mr. Charles W. Holman, secretary of the conference and special investigator of Irish conditions, spoke on the "Irish land purchase system and its application to America." Mr. Harris Weinstock, of San Francisco, discussed the same topic, both speakers dwelling on the agrarian revolution and the social revolution which have been taking place in Ireland during the last 30 years. Like David Lubin, these speakers stressed the dangers confronting us of an increase in absentee landlordism. Indeed, the conviction was conveyed by many speakers that we are

already cursed with absentee landlordism and are approaching the low estate of Ireland 30 years ago. In many states over half the farmers are renters; and with farm lands soaring in value the condition of the renter must become hopeless unless some remedy is devised. David Lubin urged a national council of agriculture.

John Lee Coulter spoke of the $2\frac{1}{3}$ million "landless men of America" who are farmers. By an ingenious calculation he showed how many of these will inherit land from their parents, how many desire to remain renters, how many do not need credit, and how many are unfit to have credit. He favors more state oversight of land merchandizing and less of the speculative free trade in land. "What the national and state banks are now doing in rural credits" was discussed by B. F. Harris, chairman of the agricultural committee of the American Bankers' Association. "What the farm mortgage bankers offer" was discussed by F. W. Thompson, president of the Farm Mortgage Bankers' Association, and manager of the credit department of the Merchants' Loan and Trust Company, Chicago. Elwood Mead and others outlined the rural credit system needed in developing western lands, especially irrigation projects.

Charles J. Brand, chief of the Bureau of Markets, United States Department of Agriculture, outlined the problem of market grades and standards for farm products. The weakest side of farm marketing occurs here, but Mr. Brand hopes to see in the distant future a working scheme of standardization of all farm products together with standardized containers and guaranteed quality. W. G. Scholtz, director of markets of the state of Idaho, spoke of the work being done by his bureau and by the twelve similar bureaus in other states. Charles McCarthy, of the Wisconsin Legislative Reference Library, pointed out legislation needed for standardization. The success and the failure of coöperative societies in marketing were described by men with first-hand experience. Charles A. Lyman, chairman of the legislative committee of the Wisconsin Society of Equity, gave the story of the failure of the Equity Packing House at La Crosse. In this venture, the promoters in some cases charged 34 per cent commissions on sales of the shares of stock to farmers. E. M. Tousley, for the past ten years head of the fight made by the Right Relationship League of Minneapolis for coöperative stores on the Rochdale plan, gave a "sermon" out of his own experience, showing the capitalistic drift and consequent wreck of many coöperative schemes. R. W. Hockaday, general industrial and agricultural agent of the M. K. and T. Railway Company, St. Louis, showed how the peach-growers of the South, unorganized and competing, in one

day consigned over his road 75 cars of peaches to St. Louis when the St. Louis market could take care of only 12 cars. This anarchy in marketing could be changed by organizing the producers and by working through an agent at the chief central markets, as is done by the orange-growers of California through the California Fruit Growers' Exchange. Such organization would lead to standardization of product, savings in marketing, an increase in consequence in the profits to the producer, and at the same time in cheapening the price and improving the quality to the consumer. This central idea of marketing reform was discussed by many practical speakers.

Special features of the marketing problem likewise received adequate attention. Clarence Ousley, of Texas, spoke on "State warehousing and the cotton bale in the South." J. W. T. Duval, chief of grain standardization, United States Department of Agriculture, discussed "What would be acceptable standards in grain." "Our terminal elevator system" was discussed by the four following speakers: George F. Chapman, editor of *Grain Growers' Guide*, of Winnipeg; James E. Boyle, professor of economics at the University of North Dakota; J. C. F. Merrill, secretary of the Chicago Board of Trade; J. M. Anderson, president of the Equity Cöoperative Exchange, St. Paul. "The relation of cöoperation to conservation" was discussed by Gifford Pinchot.

That the efforts of the conference might lead to action, provision was made for the appointment of a committee of ten to bring about the creation of the American Agricultural Organization Society. Sir Horace Plunkett is to help in this work, giving this country the benefit of his experience with the similar Irish society. The objects of the American society are as follows:

1. To examine into the methods of production and distribution of farm products with a view to evolving a system of greater economy and efficiency in handling and marketing the same.
2. To encourage and promote the cöoperative organization of farmers and of those engaged in allied industries for mutual help in the distribution, storing, and marketing of produce; for the economical transfer of agricultural produce from the producer to consumer for, in short, the efficient organization of the business of agriculture.
3. To supply instructors and lecturers upon the subject of cöoperation among farmers, auditing and accounting experts, and legal advice in matters relating to organization.
4. To issue reports, pamphlets, and instructions which will help in spreading knowledge of the best means of rural betterment and organization.
5. To organize and cöoperate with central bodies and local branches of societies of other associations, for the promotion of "better farming, better business, and better living."

6. To encourage and coöperate with educational institutions, departments, societies, educational centers, etc., in all efforts to solve the questions of rural life, rural betterment and agricultural finance, and marketing in distribution of produce and the relation of these facts to the problems of increasing cost of living.

7. To investigate the land conditions and land tenure with a view to working out better, more equitable, and fairer systems of dealing with this problem so vital to the social and the economic well-being of the country.

8. To call from time to time such conferences or conventions as will help to carry out the above-mentioned objects.

Resolutions adopted unanimously by the conference are in effect as follows:

I. MARKETING.

1. *Standardization.* It is recommended that the Department of Agriculture be authorized to evolve and establish standards of measure and quality for all merchantable farm products, it being believed that through the interstate commerce clause and the weights and measures clause Congress has ample powers to prescribe standard packs and grades of all farm products both in country and city districts; and that Congress immediately provide by law for federal inspection of commodities of large volume, such as grain, hay, and cotton, to the end that all the classifying and grading of articles of interstate or foreign commerce may be made uniform.

2. *Information.* Greater effort and, if need be, more generous expenditure is urged in order that reports and estimates made by governmental agencies may be more accurate in giving information as to acreage and condition and output of farm products. But it is insisted that there shall be equal energy in collecting and disseminating corresponding reasonable information covering the manufacturing, commercial, and other trade conditions which reflect the rate of consumption of each given farm product. It is recommended that the Bureau of Foreign and Domestic Commerce and the Office of Markets coöperate in the collection and dissemination of information which will enable the producer fairly to price and wisely to distribute his products; and that this information be furnished while the farmer has produce to sell and not after he has sold it to organized traders and speculators.

3. *State market commission.* It is strongly urged that all states which have not yet created a marketing commission do so at the earliest possible time, in the interest of their own producers and consumers as well as in the common interest.

4. *Terminal markets.* Federal legislation for interstate shipments is favored, preferably by stationing federal inspectors at all the large terminal markets. This should require commission merchants, and other receivers of farm products on consignment, to keep a uniform system of accounts, giving each shipment a number in rotation, showing date, from whom received, date of sale, name of purchaser, and price; to forward a transcript of the entry promptly to the shipper; and to keep all such records open at all times for examination by a shipper or any state or federal official.

II. RURAL CREDITS.

1. *Aid and direction in reclamation.* The conference recommends to Congress the appointment of a commission of five members to investigate the methods

and results of land settlement in certain sections of this country where settlement of cut-over lands, drainage of swamp land, and irrigation must be undertaken; and also the causes and results of tenant farming in the entire country; and to prepare a report with recommendation as to the measures needed to remove the obstacles to acquiring farms and the modifications needed in the successful land settlement systems of other countries to ensure their effective operation here.

2. *Banking facilities.* The conference endorses only such legislation by Congress as will "provide for the soundest valuation and the most careful maintenance of true educational values, and only such legislation as is based upon self-help, careful auditing, a sound amortization plan and the coöperative principle of organization for rural credit banks. Such rural credit system should be created to aid: (a) Tenants who are in need of working capital and who are willing to form approved coöperative organizations under which moderate credit may be safely extended. (b) Tenants who have reached a financial condition which makes the purchase of land a safe risk, but who require larger loans and longer time than they can secure under the existing commercial credit conditions. (c) Landowners who desire to add permanent improvements without impairment of working capital."

The conference opposes "any legislation that suggests the wholesale distribution of government funds or the loaning of government credit, in such a way as to encourage land speculation, or land investments which the business experience of our people has shown to be hazardous. The conference, therefore, strongly endorses a practicable plan for rural credit. It just as strongly protests against any plan that will end mainly in real estate speculation and increase in land values to the disadvantage of actual settlers."

"Any plan adopted for aiding settlers by a better system of rural credit should be preceded by an effective plan for preventing the increase of land values that otherwise is certain to deprive the settler of intended aid. This is done in Ireland and elsewhere by fixing in advance the prices at which land shall be sold by owners. It is done in Victoria, Australia, and elsewhere by government purchase and resale to settlers. It might perhaps be done by an unearned increment tax on benefited lands. Whatever method may be adopted on investigation, this object of preventing speculation and providing that the actual settler, rather than the speculator, or so-called 'investor,' shall have the full advantage of improved credit, is the most needed preliminary step in a program of rural credit, reclamation and land settlement."

It is recommended that the conference be represented at Washington during the coming session of Congress, in the presentation of this phase of rural credits to the proper committee.

The chairman of the conference and the other officers who conceived the plan of the meeting and executed it with such conspicuous success were reëlected for another year: chairman, Frank L. McVey, president of the University of North Dakota; treasurer, Charles McCarthy, of Madison, Wisconsin; secretary, Charles W. Holman, 230 South LaSalle St., Chicago. The *Proceedings*, printed in full in one volume, may be had of the secretary for one dollar.

JAMES E. BOYLE.

University of North Dakota.

FARM MACHINERY TRADE ASSOCIATIONS. The report of the Bureau of Corporations on *Farm Machinery Trade Associations* (Washington, 1915, pp. xvi, 368) is divided into seven chapters as follows:

Organization and Development of Associations; Wholesale Price Activities of Manufacturers' Associations; Efforts of Manufacturers' Associations to Reduce Costs; Activities of Manufacturers' Associations with Respect to Legislation; Concentration and Ownership of Wind-Stacker Patents; Restriction of Retail Trade to Retail Dealers; Prevention of Price Cutting among Regular Dealers.

The most important of these chapters is that on the Restriction of Retail Trade to Retail Dealers, which occupies one third of the report proper (excluding exhibits and indices). It shows that the activities of the farm machinery retailers in this matter have been very similar to those of the retailers in the lumber trade. The retailers have claimed that to the retail dealer belongs the retail trade, and they have directed their efforts to securing this end. As in other trades, efforts, in the first place, have been made by the retailers' associations to secure the coöperation of wholesale and manufacturing organizations in enforcing such a policy. Classification has been resorted to in the issuing of directories of regular dealers, and attempts have been made to persuade the commercial agencies to develop a more nearly correct classification of dealers. The retail associations seem to have been opposed to manufacturers' branch retail stores, and, to a lesser degree, even to direct sales in localities where the manufacturer had no agent.

The method of settlement of complaints against individual manufacturers has also been similar to that used in the lumber trade. The aggrieved dealer complains to the secretary of his association. It is the duty of this individual to verify the facts and endeavor to adjust the situation amicably with the manufacturer, collecting a commission on the sale for the aggrieved dealer or some other dealer in the locality where the sale has been made. Incidentally it has been the secretary's duty to secure a promise from the manufacturer that his future sales would be confined to the regular dealers. If the secretary was unable to effect a satisfactory settlement, the matter was submitted to the board of directors, or else to a grievance committee, which took up the case with the manufacturer or jobber complained of. Most differences seem to have been adjusted amicably.

Information regarding manufacturers and others who violated trade

ethics by selling direct seems to have been disseminated to a considerable extent by the farm machinery associations. At the same time this does not appear to have been done in as bald a manner as in the case of associations in the lumber trade. Moreover, following the decisions handed down by the courts against the publication of the names of wholesalers or manufacturers violating trade ethics, the policy of the various implement dealers' associations seems to have been to find a means of disseminating information to members regarding manufacturers and wholesalers unwilling to confine their trade to regular dealers without, at the same time, incurring legal liabilities. On the whole, however, the black-listing and boycotting of such parties seems not to have reached so high a stage of development as has been the case in the lumber trade associations.

Another problem to which the farm machinery associations have directed their attention is the maintenance of profitable prices among the regular dealers. Manufacturers and other wholesalers are generally opposed to dealers who are habitual price cutters. Several of the local associations have made attempts to secure price agreements among the dealers, but have not been particularly successful. At conventions much stress has been laid upon price maintenance, and it has been advocated in numerous editorials in the *Implement Dealers' Bulletin*. In 1906, the National Wagon Manufacturers' Association determined to investigate terms with a view to bettering general conditions; and eventually there was evolved an organized movement to secure the maintenance of retail prices by educating dealers in the costs of doing business according to a plan of cost accounting advocated by the cost educational associations. Down to the present time, this movement has been most vigorously pushed. It has had most valuable results for the dealers and it is alleged that the study of costs is the most effective way of preventing price cutting. The reason lies in the fact that the computation of costs, which is recommended, supplies a figure at which the dealer can sell at a profit. However, this does not mean the establishment of uniform retail prices so long as each dealer bases his prices upon his own costs. Yet there can probably be no question but that the tendency of the cost system and its study is in the direction of preventing price cutting and of the maintaining a more satisfactory standard of retail prices generally.

The report on *Farm Machinery Trade Associations* is extremely valuable as a study of retail organizations in general. The hope

may be expressed that at a later period other studies of various trade associations will be made which will afford further information in regard to the character and activities of such bodies.

Tulane University.

W. H. S. STEVENS.

The Department of Commerce issues a Special Consular Report, No. 74, on *Japanese Cotton Goods Industry and Trade*, by Consul George N. West (Washington, 1915, pp. 12).

In the Special Agents Series have appeared No. 101, *Commercial Organizations in Switzerland*, by A. J. Wolfe (pp. 28); No. 102, *Commercial Organizations in the United Kingdom*, also by A. J. Wolfe (pp. 53), containing a description of British manufacturers' and employers' organizations; and *China and Indo-China Markets for American Lumber*, by F. H. Smith (pp. 39).

Suggestions for Parcel Post Marketing has been issued as a Farmers' Bulletin by the United States Department of Agriculture (Washington, Jan. 14, 1916). This furnishes information for persons who desire to sell or buy produce by parcel post. Various forms of containers are shown by illustration.

The Bureau of Navigation has issued a new edition of *Navigation Laws of the United States* (Washington, May 18, 1915, pp. 585), containing the provisions of the Seamen's act of March 4, 1915. The last edition was published in 1911.

The *Annual Report of the Secretary of the Interior* for 1915 (Washington, pp. 21) is especially devoted to the subjects of water power, leasing of public mineral lands, and the developing of mineral resources. The latter topic covers some 60 pages and is illustrated by helpful charts.

The Interstate Commerce Commission has made a *Report of Investigation of the Conditions Affecting the Production, Transportation, and Marketing of Crude Petroleum* (Washington, No. 7344, Dec. 10, 1915, pp. 510), dealing with common carrier pipe-line companies. A report on industrial concerns will subsequently be covered by the Federal Trade Commission.

The Directors of the Port of Boston have recently issued Bulletin No. 2, *The Use and Benefits to Massachusetts Manufacturers and Wage Earners of an American Merchant Marine* (pp. 14), and Bulletin No. 3, *Analysis of the Present Foreign Trade of the United States* (1916, pp. 19). By this latter bulletin it is hoped to "clear away the present

misunderstanding in regard to our large export trade. At the present time this country is engaged not in building up a permanent export business but in making profits."

The *Farmers' Market Bulletin*, issued by the North Carolina Agricultural Experiment Station, Vol. 2, No. 12, has an interesting account of the organization and work of the Carolina Potato Exchange. The Exchange supervises the grading of the product and looks after its distribution. "Members are prevented from spoiling each others markets." Successful experience during the past year leads to the belief that the undertaking will prove a permanent success.

In a bulletin issued by the Agricultural Experiment Station of the University of Illinois on *Prices and Shrinkage of Farm Grains*, by W. L. Burlison and O. M. Allyn (Urbana, Nov., 1915, No. 183, pp. 26), it is stated that the increase of prices of crops within the last few decades has not been so great as is generally believed. The average price for wheat for the 15 years preceding the financial crisis of 1894-1898 was as high as that for the period of 15 years succeeding 1898. Statistics show the prices by months.

Bulletin of Illinois Coal Mining Investigations, Vol. II, No. 1, is prepared by S. O. Andros (Urbana, University of Illinois, Sept., 1915, pp. 250). It has a bibliography of 15 pages.

Corporations

VALUATION OF A PUBLIC UTILITY. In order that the problem of investigating the rates of the Chesapeake & Potomac Telephone Company be clearly and adequately presented to the Public Service Commission of Maryland, Mr. Osborne I. Yellott, assistant general counsel of the commission, has prepared a series of analyses of the five important phases of the subject. The general method of procedure in each case has been: first, an exposition of the principles involved; second, a thorough consideration of the specific problem before the commission; and, third, conclusions and recommendations.

Notes on Fair Value (pp. 40) points out that rate making is an equitable process. The decisions of the Supreme Court in the *Smyth vs. Ames* case is upheld as being entirely logical and practical. All attempts to reduce the principles of rate making or valuation to fixed rules and formulas must inevitably prove futile.

Notes on Fair Return (pp. 30) sets forth five questions to be determined by the commission:

1. Fair value of the company's property.

2. Actual and prospective returns under existing rates.
3. Extent to which probable future returns may be inadequate or excessive.
4. Extent to which fairness of prospective returns may be affected by changes in the company's schedules of rates.

A table showing the fair return allowances made by various commissions in 72 different cases is appended.

Notes on Construction Overheads (pp. 79) considers "all those elements of cost which from their nature cannot satisfactorily be allocated or apportioned to any particular article of property." The following items are included and the propriety and extent of their allowance are discussed:

Contractor's profits; Omissions and contingencies; Brokerage and discount; Interest during construction; Engineering and superintendence; Law expenditures during construction; Taxes during construction; General executive costs; Insurance during construction; Miscellaneous construction expenditures.

Elements of cost commonly considered as overheads but which are not embraced here are: organization, franchises, patent rights, other intangible capital.

Notes on Intangibles (pp. 41) distinguishes between "Intangibles" and "Construction overheads" and takes account of such elements of cost as relate to the business in its entirety rather than to the actual cost of any particular article of physical property. Such intangibles when once shown to exist are to be considered property and allowed a reasonable return for exactly the same reasons as tangible property. But, the burden rests with the company "to establish by proof, and not by mere supposition or theory, the fact that such intangibles exist and have a real and substantial value."

Notes on Depreciation (pp. 127) has for its central idea that the question of depreciation is simply one part of the real problem of determining "what is fair between the public and the public service corporation in the specific case under consideration." Although there are several fundamental principles of depreciation which are universally applicable, it is useless to try to devise some curve, formula or theory which will apply to all cases alike.

MARTIN J. SHUGRUE.

The Interstate Commerce Commission under date of December 10, 1915, reported the results of its investigation of the *Ownership, Management, and Control of the Little Kanawha Railroad Company* (Washington, No. 7378, pp. 560-649). Maps as well as statistical tables are included.

Bulletin No. 83 of the Bureau of Railway Economics (Washington, 1915, pp. 50) deals with *Comparative Railway Statistics, United States and Foreign Countries, 1912*. Part I gives the tabular matter for 38 countries and states. Part II brings together in a series of tables the significant averages and ratios. An introduction considers the comparability of railway terms in different countries and endeavors to reconcile the differences in interpretation.

The Board of Railway Commissioners of North Dakota has made a *Compilation of Laws Governing Railroads, Grain Warehouses, Express, Telephone, Telegraph, Gas, Light, Heat, and Power Companies, Storing Warehouses, and Commission Merchants together with the Rules Adopted by the Board Relating to Public Utilities* (Bismarck, 1915, pp. 156).

A reply-brief of the railroad companies represented by the Presidents' Conference Committee on *Federal Valuation of the Railroads in the United States* may be had upon application to Thomas W. Hulme, 937 Commercial Trust Bldg., Philadelphia, Pa.

Two pamphlets on railway mail pay have been received: *Report on Railway Mail Pay*, by the committee on postal affairs of the Merchants' Association of New York (Oct., 1915, pp. 60); and *An Analysis of the Moon Bill. Why It Does not Offer a Just or Practicable Basis of Payment to the Railroads for Carrying the Mails*, issued by the Committee on Railway Mail Pay, 75 Church St., New York (pp. 31).

A monthly bulletin of the St. Louis Public Library for July, 1915, deals with the question of *The Regulation of the jitney Bus, a Discussion of the City Ordinances*, by A. L. Bostwick, librarian of the Municipal Reference Branch (St. Louis, Room 206 City Hall, pp. 192-222). This contains a large amount of tabulated matter in regard to the ordinances of various cities throughout the country.

Pamphlets dealing with the railway problem in general are:

What is the Matter with Railway Regulation? by Samuel O. Dunn, editor of the *Railway Age Gazette* (Reprinted from the *North American Review*, Nov., 1915, pp. 736-748).

The Government and Business, an address delivered at Louisville, Ky., October 15, 1915, also by Mr. Dunn (pp. 18).

"*The Great American Experiment*," by Clifford Thorne, chairman of the State Board of Railroad Commissioners of Iowa, an address delivered at San Francisco, October 12, 1915 (pp. 10).

Address to the American Association of Traveling Passenger Agents,

by Howard Elliott, president of the N. Y., N. H. & H. R. R. (Oct. 4, 1915, pp. 15).

An Address to the Young Men's Christian Association, Chamber of Commerce, and Twentieth Century Club of Middletown, Conn., Oct. 15, 1915 (pp. 16), also by Mr. Elliott.

Relation of the Railroad and Its Securities to Land Values, by Fairfax Harrison, president of the Southern Railway Co., an address delivered December 9, 1915 (pp. 8).

Some Observations on Modern Tendencies, an address delivered at San Francisco, October 13, 1915, by Theodore N. Vail, before the Railroad Commission of California and the National Association of Railway Commissioners (pp. 36).

Public utility reports have been received as follows:

Forty-First Report of the Railroad Commission of Georgia, 1914 (pp. 301).

First Annual Report of the Public Utilities Commission of Illinois, 1914. Vol. I, *Orders and Decisions* (pp. 1422); Vol. 2, *Transportation Statistics* (pp. 359).

Labor

Bulletin 162 of the United States Bureau of Labor Statistics is a report on a *Vocational Education Survey of Richmond, Virginia*. This survey was made under direction of a committee organized by the National Association for the Promotion of Industrial Education which had the coöperation of the federal Bureau of Labor Statistics, the United States Bureau of Education, the Russell Sage Foundation, and the school authorities of Richmond. The committee concludes that for white girls and women employed in manufacturing and mercantile pursuits the operations can be learned more quickly in the factory than in the school. There is need of department store and salesmanship training in part time and continuation classes. The decision as to the need of a girls' trade school for Richmond is adverse.

Bulletin 174 is a *Subject Index of the Publications of the United States Bureau of Labor Statistics up to May 1, 1915* (Washington, Sept., 1915, pp. 233). It covers 25 annual reports, 12 special reports, 173 bulletins, and about 50 volumes of miscellaneous reports.

In Bulletin No. 179, entitled *Industrial Poisons Used in the Rubber Industry* (Oct., 1915, pp. 64), Dr. Alice Hamilton describes the various processes and occupational dangers attached to the various stages of manufacturing. The report is based upon an investigation

of 35 factories located in 15 cities in 9 states, covering practically every branch of the rubber industry.

Bulletin 180 is a study of *The Boot and Shoe Industry in Massachusetts as a Vocation for Women* (Oct., 1915, pp. 109). The more important shoe centers were investigated—Boston and Chelsea, Brockton and nearby towns, Lynn and Beverly, and Marlboro. Visits were made to 80 factories and the rates of pay and earnings were taken from payrolls of 18 factories including 4400 women operatives. The proportion earning less than \$8 in the week when the greatest numbers were employed varied from 24 per cent in Brockton to 42 per cent in Lynn, while the proportion earning over \$10 a week varied from 34 per cent in Marlboro to 54 per cent in Brockton. The bureau notes that three points stand out: "The fluctuations in the industry which debar many of the workers from steady employment; factory unemployment or temporary lack of work for those who nominally are steadily employed; and, partly as a consequence of this irregularity of work, the low weekly wage even of steady and experienced workers when earnings are distributed over the year."

The *Fifth Annual Report of the Director of the Bureau of Mines* (Washington, 1915, pp. 106) notes that a bulletin containing statistics of coal mine fatalities reported by state mine inspectors since the beginning of inspection by each state, covering the mining of more than 89 per cent of all the coal produced in the United States since 1807, will soon be published.

In the *Twenty-third Annual Report of the Bureau of Statistics and Information of Maryland, 1914* (300 Equitable Bldg., Baltimore, 1915, pp. 273) the bulk of the volume is given to the question of child labor. On pages 133-138 is a list of industrial diseases reported to the state board of health.

The Industrial Bulletin of the Colorado Fuel and Iron Company for January 3, 1916, is devoted to a discussion of a new plan of industrial representation which has been established.

The Industrial Accident Board of California has published Vol. I of *Reports of Decisions* (Sacramento, Cal., 1915, pp. 711).

Other labor pamphlets to be noted are:

Accidents at Metallurgical Works in the United States, 1913 and 1914, Technical Paper 124, compiled by Albert H. Fay (Washington, Bureau of Mines, pp. 28).

Papers on Accident Prevention Read at Round Table Conferences

during the *First Annual Industrial Safety Exposition of Ohio*, Safety Bulletin Vol. II, No. 3. (Columbus, Industrial Commission of Ohio, March, 1915, pp. 80.)

The Effect of the Minimum Wage Decree on the Brush Industry in Massachusetts is published as Bulletin No. 7 by the Minimum Wage Commission of Massachusetts (Boston, Sept., 1915, pp. 14). Bulletin No. 9 is entitled *Wages of Women in Women's Clothing Factories in Massachusetts* (Boston, Sept., 1915, pp. 38). There is also published, under date of August 5, 1915, *Statement and Decree Concerning the Wages of Women in Retail Stores in Massachusetts*.

Five Years' Work and Progress of the Joint Board of Sanitary Control in the Cloak, Suit and Skirt and the Dress and Waist Industries. An Experiment in Industrial Self-Control, October 31, 1910 to October 31, 1915 (31 Union Sq., New York, pp. 15). A special report by the director of this board, Mr. George M. Price, has also been issued on *Fire Hazards in Factory Buildings* (Dec., 1915, pp. 16).

Sixth Annual Report of the National Employment Exchange (30 Church St., New York, Sept., 1915, pp. 20).

First Report of the Ten Hour Law Bureau of Maryland, May, 1912, to January, 1914 (304 Equitable Bldg., Baltimore, pp. 28); and the *Second Report, January, 1914, to January, 1915* (pp. 41).

Employment and Compensation of Prisoners in Pennsylvania (Harrisburg, Penal Commission, 1915, pp. 112).

Digest of Labor Laws of Oregon, by O. P. Hoff, state labor commissioner, revised to June 30, 1915 (Salem, 1915, pp. 32).

Money, Prices, Credit, and Banking

MAKING AND USING OF INDEX NUMBERS. Bulletin No. 173 of the federal Bureau of Labor Statistics, *Index Numbers of Wholesale Prices in the United States and Foreign Countries* (Washington, 1915, pp. 329), is divided into two parts: The Making and Using of Index Numbers (pp. 110), and Index Numbers of Wholesale Prices in the United States and Foreign Countries (pp. 210). Professor Wesley C. Mitchell of Columbia University is responsible for part I, the Bureau for part II.

The bulletin opens with a statement of its "aim and scope":

The aim of this bulletin is to make the index numbers of wholesale prices currently published in the United States and foreign countries more accessible, more intelligible, and therefore more useful.

To this end the leading series of index numbers, compiled by official bureaus, financial journals, and private investigators both at home and abroad are described in detail. The history of each series, the source from

which quotations are taken, the number and description of the commodities included, the methods of averaging, the statistical results obtained, etc., are set forth as far as the facts could be learned, so that anyone wishing to use the figures in question may know how they are derived and what they mean. This systematic description of the series now being published is preceded by a critical analysis of the various methods employed to measure changes in the level of prices—an analysis which shows the advantages and the defects of these methods, the purposes for which the different index numbers may properly be employed, the reasons for the discrepancies which usually appear when two or more series for the same time and country are put side by side, the safeguards which are necessary in making comparisons between different series, and the confidence which index numbers merit as measures of price fluctuations.

The "leading series" described in part II of the bulletin are 32 in number:

United States	6	India	1
Australia	1	Italy	2
Austria-Hungary	2	Japan	1
Belgium	1	Netherlands	1
Canada	1	New Zealand	1
Denmark	1	Norway	1
France	4	Russia	1
Germany	4	Spain	1
Great Britain	3		

Each series is described under twelve categories:

- Publication in which the series appears;
- History of the series;
- Source of quotations;
- Base period;
- Prices—how shown and computed;
- Number and class of commodities;
- Description and grouping of commodities;
- Substitutions and additions;
- Interpolations;
- Weighting;
- Testing (by comparison with other numbers and methods);
- Tables of results (actual figures).

At the end of part II is an account of the Conference on Index Numbers of the International Institute of Statistics, September, 1911, and a select bibliography of additional index numbers. The work is all admirable, careful, critical, and methodical, but does not lend itself to extended review.

The statement of the aim and scope of the bulletin might lead the reader to believe that part I, *The Making and Using of Index Numbers*, is a mere popular introduction to the subject. It is, in-

deed, one of the best popular expositions imaginable, but it is much more. It contains an immense amount of original work and is a real contribution bristling with suggestive ideas.

For example, chapter III, *The Characteristics of Price Fluctuations*, opens up an almost untouched field in the application of modern statistical method to the subject of prices. This chapter makes use of the data contained in Bulletin No. 149. An examination is first made of the year-to-year individual percentage fluctuations and then of fluctuations over longer periods. In discussing the year-to-year fluctuations, concentration (about the median) is illustrated by a table of decils of a chain index number. A chart makes this concentration very apparent.

Having discussed the distribution of fluctuations by means of decils (which of course divide each frequency curve into ten parts of equal area), a (total) frequency curve is itself given. This is based upon the percentage changes in 5578 cases of change in individual prices from one year to the next. A "normal curve" is then fitted and comparisons made. The concentration is shown to be considerably greater in the actual than in the normal distribution. This is, however, somewhat accentuated by the extremely large number of cases of no change in price (12.494 per cent), which naturally do not correspond to any tendency to mass around any average, but merely to inertia.

Almost more interesting, however, than the great concentration is the fact that the curve is apparently asymmetrical. The median and the mode stand at ± 0 , while the arithmetic mean is $+ 1.36$ per cent. The greatest fall is 54.6 per cent, while the greatest rise is 103.3 per cent. This asymmetrical distribution is probably due in part to the fact that the method of treatment tends to give the data a sort of quasi-heterogeneity. To be strictly homogeneous, the variations of each year would have to be measured from the arithmetic mean of the percentage movements of that year—not from 100 per cent. To illustrate—if the average percentage movement one year was 10 per cent rise, we would not expect to find a normal distribution around 100 but around 110 per cent.

However, everything seems to point to the fact that, even were this slight source of uncertainty eliminated, the distribution would still be asymmetrical. In table 2 (decils of the chain index numbers) the decil columns are added and averaged. Now, though this treatment does not give exactly the same results as if the percentages were each year taken as of the median and not of 100 per cent,

the results are decidedly startling. Moreover, the asymmetrical distribution is clearly seen in the individual years. The averages for the 23 years are:

Greatest fall	— 38.0	6.....	+ 2.3
1st decil.....	— 11.0	7.....	+ 4.3
2nd	— 6.2	8.....	+ 7.8
3	— 3.5	9.....	+ 14.6
4	— 1.4	10.....	+ 57.0
Median	+ 0.5		

Arranging these results as all plus (38 per cent fall equals + 62 per cent), we have the following table:

I	II	III	IV
62.0	162.1	156.2	157.0
89.0	112.9	114.0	114.6
93.8	107.1	107.3	107.8
96.5	104.1	103.8	104.3
98.6	101.9	101.8	102.3
100.5			100.5

Running down column I and then up column IV are the decil percentages. Column II is the percentage that 100.5 (the average median) is of column I. Column III is the percentage that column IV is of 100.5 (the average median). The similarity of results in columns II and III is remarkable.

Now, though the above procedure may be difficult to defend, the data certainly seem to suggest that the distribution may be more nearly symmetrical and normal about the geometric than about the arithmetic mean. Or, more accurately, that the distribution of the logarithms of the percentage changes may be more nearly symmetrical and normal than the distribution of the percentage changes themselves. Professor Mitchell has touched upon this possibility in a number of places. For example, after remarking that the decil chart is "capable of giving the mind a more just impression of the characteristics of price changes than any other device," he adds (p. 16, n. 2) "except perhaps a similar chart drawn to a logarithmic scale." On page 81 he notes that the geometric mean "unlike the arithmetic mean, is not in danger of distortion from the asymmetrical distribution of price fluctuations."

To really test out the nature of the logarithmic distribution would involve a very considerable amount of work, but if it were found to be more nearly normal than the natural distribution that fact

would surely shed new light on the question of the most desirable average. What is the *most probable value* for the general percentage movement? If the "errors" (variations due to the influence of particular commodity factors) were distributed *arithmetically* according to the normal law, the arithmetic mean—least mean square deviation—would certainly seem indicated. But if the logarithms of the percentages and not the percentages themselves follow more closely the curve of error, is not the geometric mean indicated? From that point the sum of the squares of the *logarithms* of the percentage deviations will be a minimum; and is not this what sound theory should demand?

Having discussed the characteristics of year-to-year fluctuations, chapter III passes on to an examination of longer periods. A chart is given (p. 22) illustrating the distribution of percentage variations from 1912 to 1913 and from 1890-99 to 1913. The greater concentration of the one-year fluctuations is very pronounced, though the charting of the raw percentages instead of the percentages of each mean tends to exaggerate the effect a little.

The conclusions of chapter III are: "(1) that year-to-year changes in the price level can be measured with good prospects of success, because such variations show a [comparatively] symmetrical distribution and a marked degree of concentration about their central tendency; but (2) that measurements of variations between years far apart have a more problematical value."

In chapter IV, section 5, Base Periods, these conclusions come up in connection with a discussion of the relative merits of fixed base and "chain" index numbers. One-year fluctuations are more concentrated than those over longer periods, and, moreover, "most users of general-purpose index numbers prefer to make their comparisons with recent dates." On the other hand, though "chain relatives for successive years can be multiplied together to form a continuous series, it is not easy to give the later members of the series a concrete meaning." Hence "the recent reaction against index numbers made by striking arithmetic means and in favor of index numbers made by adding actual prices."

A curious and interesting characteristic of chain numbers is illustrated in the table on page 41. Chain numbers for the bureau's data calculated by the "long" method (true calculation *de novo*) are placed side by side with "short" chain numbers (percentage that the bureau's number, base 1890-99, is each year of the preceding year). There

are in all 23 years. In two cases the long relatives and short relatives (add 100 to each number in the column) are the same; in two cases the short are greater; but in *nineteen* cases the long are greater. The long chain rises more rapidly and falls less rapidly than the short chain. In other words, the chain numbers draw away (upwards) from the fixed base numbers.

This condition can come about only through a greater tendency to rise and a less tendency to fall (in percentages) with the smaller relatives than with the larger relatives.¹ There is a tendency for any movement away from the average movement to slacken its rate. The extreme case where the slackening of rate amounts to a complete reversal is rather interesting. Let the relatives for two commodities for three years be:

I	II	III
100	80	100
100	120	100

Now the chain numbers show the second year to be 100 per cent of the first and the third $104\frac{1}{6}$ per cent of the second, or, multiplying, the third to be $104\frac{1}{6}$ per cent of the first *in the face of the fact that each individual price is the same in the third as in the first year.*

Chapter IV, section 6, "The numbers and kinds of commodities included," and chapter V, "A comparison of the leading American index numbers for the years 1890 to 1913," cover the less theoretical question of the effect of number and kind of commodities upon the resulting index number. To illustrate the effects of *number*, six different index numbers (242, 145, 50, 40, 25, 25 commodities) are constructed from the bureau's data. A chart (p. 50) shows the extent of the discrepancies. Can these discrepancies be accounted for except as the results of random differences in sampling? This question leads to a full examination of the action of different *kinds* of commodities—raw or manufactured; mineral products, forest products, animal products, or farm crops; consumers' goods or producers' goods; etc.

Chapter V continues the subject. It is a detailed study of seven

¹ A movement in one of a number of relatives has, if the one happens to equal the arithmetic mean, the same percentage effect upon a long or a short chain. If the one happens to be greater than the arithmetic mean its fluctuation influences the short more than the long. If it be less than the arithmetic mean its fluctuation influences the long more than the short.

American index numbers—Bureau of Labor Statistics original, Bureau of Labor Statistics revised, Bradstreet's, Gibson's original, Dun's, Gibson's present, and The Annalist's. These numbers are shown to contain, in the above order, the following percentages of foods—24, 28, 29, 42, 50, 100, 100. These food percentages are largely the key to their differing actions. In general any number will correlate more closely with an adjacent number than with a more remote one—"the prices of agricultural products are largely dependent upon the yield of each season's harvests, while the prices of most other articles are less dependent upon weather conditions than upon the activity or depression of business."

After a critical valuation of these seven series, a new series is proposed (p. 112):

It seems feasible to construct an American series which would present a stronger combination of good qualities as a general-purpose index number than any now existing. The original quotations might be collected from the records of the Bureau of Labor Statistics and Bradstreet's, a list of commodities more complete than Bradstreet's and better balanced than the bureau's might be drawn up, the use of actual prices might be adopted from Bradstreet's and Dun's, the several commodities might be weighted by physical quantities after Dun's fashion, but with the use of a criterion more appropriate to wholesale prices, and the whole process of construction might be set forth with the frankness characteristic of the Annalist and the bureau.

Part I closes with eight general conclusions:

1. Year-to-year variations are capable of being measured with a close approximation to accuracy.

2. Accuracy decreases with increase of time.

3. Methods of construction should be adapted to the particular purpose for which the results are to be used. A single series can not conceivably be devised which will serve all uses equally well.

4. The best form for a general-purpose series is a weighted aggregate of actual prices.

5. The more commodities that can be included in such an index number the better, provided the system of weighting is sound.

6. Probably the best weights to apply are the average physical quantities of the commodities bought and sold over a period of years without reference to the number of times their ownership is changed.

7. *Relatives* of individual commodity prices should be published.

8. The *actual* prices of as many commodities as possible should be published, even though some of the quotations may not now be available for use in making an index number.

FREDERICK R. MACAULAY.

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Banking Opportunities in South America, by William H. Lough, published by the Department of Commerce as Special Agents Series No. 106 (Washington, 1915, pp. 156), embodies the results of a six-months investigation. There are chapters on underwriting and selling securities, English and German banks in South America, the banking situation in Chile and in Peru, notes on banking practice, earnings, expenses and profits, and improvements in foreign-trade financing; a diagram of Chile-London exchange, 1898-1915; and, at the close, a bibliography of a page. Mr. Lough notes that British banks have taken the lead in financing the development of the principal countries and German banks next. There is no evidence that the German government has subsidized its banks, but these have developed independently through the organization of business methods. Mr. Lough concludes that Peru and Chile offer favorable conditions for the use of American banking capital.

The Post Office Department has prepared a pamphlet on *The United States Postal Money-Order System* (Washington, 1915, pp. 156). A survey of the system, with the purpose of ascertaining its condition and advancing its efficiency and economical administration, was conducted by a departmental committee under the direction of the Postmaster General. Some 10 pages are given to the history of the money-order service.

According to Bulletin 181 of the United States Bureau of Labor Statistics, *Wholesale Prices, 1890 to 1914*, wholesale prices in the United States were but slightly lower in 1914 than in 1913.

On the subject of rural credits the following pamphlets have been received: *Hearings before the Subcommittee of the Joint Committee on Rural Credits* (64 Cong., 1 Sess., Dec. 4, 1915, Part 4, pp. 141-154) containing the statement of Hon. A. M. Dockery; and *How to Finance the Farmer. Private Enterprise—Not State Aid*, by Myron T. Herrick and R. Ingalls, published by the Ohio State Committee on Rural Credits and Coöperation (Cleveland, Dec. 1, 1915, pp. 58).

An annotated edition of the *California Bank Act, 1915*, has been published by the California Bankers Association (1064 Mills Bldg., San Francisco, pp. 163, 60c. in paper, \$1.10 in leather).

A new compilation and publication of the *Kansas Banking Law, 1915*, has been made by the bank commissioner (Topeka, pp. 64).

There have been received the *Proceedings of the Twentieth Annual Convention of the Maryland Bankers Association*, held June 22-24,

1915 (Secretary, Charles Hann, Merchants-Mechanics' Bank, Baltimore, pp. 121); and *Proceedings of the Twenty-first Convention of the California Bankers Association*, held May 27-29, 1915 (Secretary, Frederick H. Colburn, 1064 Mills Bldg., San Francisco, pp. 262).

Banking reports received recently are:

Fourteenth Annual Report of the Commissioner of Banking of West Virginia, for 1914 (pp. 135).

Twenty-third Annual Report of the Secretary of the State Banking Board on the Nebraska Building and Loan Associations (Lincoln, 1915, pp. 153).

Reports on the Condition of the State, Private and Savings Banks of North Carolina (Raleigh, North Carolina Corporation Commission, 1915, pp. 162).

Sixteenth Annual Report of the Kansas Building and Loan Associations, 1914, published by the Kansas bank commissioner (Topeka, pp. 70).

Annual Report of the Board of Bank Commissioners of New Hampshire (Concord, 1915, pp. 394), which contains a brief summary of legislation in regard to New Hampshire bank commissioners with the names of all commissioners who have served since 1837.

Annual Report of the Commissioner of Banking and Insurance relative to Savings Banks, Trust Companies, and State Banks of Discount and Deposit of New Jersey for 1914 (Trenton, pp. 342).

Annual Report of the Superintendent of Banks of New York relative to Savings and Loan Associations, 1914 (Albany, pp. 923).

Public Finance

THE NEW YORK REVENUE SITUATION.—New York State and particularly New York City are confronted with the most serious fiscal problems that have faced them in a long time. Last year for the first time in several years, the state was compelled to resort to a direct tax for the purposes of its budget. This tax amounted to approximately \$17,000,000, nearly 70 per cent of which was borne by New York City. As soon as it was known that the direct tax for state purposes would be levied, public attention was centered upon the tax problem, and agitation for tax reform was started in several quarters.

To appreciate the significance that is attached to the direct tax for state purposes in New York, it is necessary to understand the policy of New York State in the matter of separation of sources. Ever since 1880 the state has been gradually constructing a system of special taxes, with a view to obtaining revenues from these "indirect" sources,

and to leaving the "direct" (general property) tax for local purposes. It may be said to be the settled policy of New York that the state shall look to sources other than the general property tax for needed revenue.

Notwithstanding this policy, the state is now confronted with a situation in which the special taxes are insufficient to meet the ever-increasing budget. The same forces that are pushing up the per capita cost of government throughout the rest of the United States are at work in New York State. The demand of the people for new services and for better service on the part of the state government has caused the per capita cost of the government to increase faster than the per capita wealth. Moreover, the unusually large expenditures of the state of New York for public highways and barge canals have advanced the per capita cost of government to a height reached by very few states in the Union.

The expenditures for the general purposes, exclusive of interest on canal and highway debts, etc., have increased from about \$7,000,000 in 1885 to about \$42,000,000 in 1914, or an increase of nearly 500 per cent in 30 years. In the meantime the population of the state has increased only 82 per cent and the assessed value of property liable to taxation only 274 per cent.

Were the increased burden spread over the entire tax base, the situation would be less critical. Under the New York system of partial separation of sources, however, any increase in the tax burden is borne largely by one class of wealth, *viz.*, real estate. In some localities, especially New York City, the seriousness of the revenue situation is accentuated by two unusual conditions. In the first place, New York City must now pay the price of its past habit of paying part of its current expenses by the issue of bonds. Under this policy, the city has piled up a tremendous debt. The present administration has adopted the "pay-as-you-go" policy, and while this new plan promises in time to remedy the unhappy financial condition in which the city now finds itself, at the same time there is imposed upon the budget of the next few years a heavy additional burden.

In normal times, the combined rise in the tax rate resulting from the increased cost of state government and the adoption of the "pay-as-you-go" policy would place a heavy burden upon real estate. At the present time, however, when there is a marked depression in real estate values, the increased burden is particularly heavy. The most urgent agitation for tax reform has come from the real estate interests. It has been unfortunate, however, that much confusion has been cast into the eyes of the public in regard to the real estate situation. The

fact is that real estate in some sections of New York City has suffered a sharp decline and is paying more taxes than it can bear without destroying capital value, while in other sections of the city, real estate is rapidly increasing in value and could bear a larger proportion of the cost of government.

Two fiscal problems, therefore, confront both the state and the localities: the one is a need of more revenue; the other is the urgent need of equalizing the tax burden. It is believed by many of those who have studied the problems that both of these needs can be met by the same measure, but there is quite a wide divergence of opinion as to which of several suggested plans should be adopted.

The points upon which the greater number of students seem to agree are: first, that the vestige of the personal property tax still remaining upon the statute books should be abolished; second, that before increasing the rates upon any of the sources now being taxed, we should devise a plan of reaching certain well-known evidences of tax-paying ability that are now almost entirely escaping. The following are the principle sources that are now escaping: intangibles of wealthy individuals and corporations escaping either because of peculiarities in the New York tax law or because of the breakdown of the general property tax; foreign corporations doing large amounts of business in the state, but escaping almost entirely as a result of unusual conditions in New York City as well as the peculiar court decision known as the McLean case; manufacturing corporations, enjoying unusual privileges in New York State, but paying less proportionately than in almost any other state in the Union; salaries of highly paid business and professional men.

No reform has been enacted, but several proposals will be laid before the legislature during the present session. The committee appointed by Mayor Mitchell, of which Professor Seligman is the chairman of the executive committee, looks favorably upon two plans: first, an abilities tax, to be composed of three parts—a business rentals tax, a habitation tax, and a salaries tax; second, a state income tax.

The Joint Legislative Committee on Taxation, of which Senator Ogden L. Mills is chairman, has been at work for six months and has just written its report for the legislature. This report will be published within two weeks, but the conclusions of the committee can not yet be made public. It is known, however, that some of the members of the committee strongly favor the income tax. This plan contemplates a 2 or 3 per cent tax on the income of individuals above \$1600, and upon the income of general business corporations; the tax to be collected by the state, but to be returned to the localities according to

the assessed value of real estate in each locality. It would displace the present personal property tax. At the recent public hearings most of the witnesses, including representatives of many classes of business, recommended the income tax as the best solution for New York's present problem.

The committee has also favorably considered the so-called "abilities" tax suggested by the mayor's committee, but is inclined to the opinion that this tax, while possessing considerable merit for the needs of New York City, would not meet the needs of the smaller localities of the state. Both committees have also considered the classified personal property tax, but a majority of the members of each committee feel that this tax could not reach a sufficiently large proportion of the sources now escaping. The whole financial problem, both of the state and of the localities, is to be thoroughly discussed in the legislature within the next two months.

H. A. E. CHANDLER.

Columbia University.

The *Annual Report of the Director of the Census for 1915* (Washington, pp. 29) promises the early issue of a volume on the financial statistics of states similar in scope to the series on the financial statistics of cities. Another work in progress is the preparation of a series of mortality tables based on the population of 1900 and 1910 and the mortality statistics of intervening years.

The Guaranty Trust Company of New York City has published a new edition of *The Federal Income Tax Law and Rulings Affecting Individuals and Fiduciaries* (pp. 67). This contains not only an index of the law but an index to the rulings.

In the *Twenty-fifth Annual Report of the New York Tax Reform Association for 1915* (29 Broadway, New York, pp. 8) a summary is given of tax amendments to constitutions in Kentucky, Maryland, Massachusetts, and New Mexico in 1915.

Pamphlets on the question of a tariff commission may be obtained from the Tariff Commission League, 1322 First National Bank Bldg., Chicago.

The Insurance Department of New York issues its annual pamphlet on *Fees and Taxes Charged New York Insurance Companies by Insurance Departments of Other States for 1916* (Albany, pp. 51).

Pages 24-49 of the *Municipal Year Book of the City of New York*,

1915 (Municipal Reference Library, 500 Municipal Bldg., New York, pp. 154, 15c.) are devoted to the subjects of finance and taxation.

Under date of June 22, 1915, the Department of Finance of New York City published a brief summary of the *Constitutional Provisions, Legal Enactments, and Court Decisions Determining New York City's Debt within the Debt Limit* (pp. 8).

The detailed financial operations of the city of New York may be found in a bulletin entitled *Financial Summary, September 30, 1915* (pp. 120) published by the city department of finance, W. A. Prendergast, comptroller.

The National Shawmut Bank has issued a pamphlet entitled *A State Tax on Incomes* (Boston, 40 Water St., Jan., 1916, pp. 15). It notes that opposition to the principle of the income tax has very largely subsided and that from now on discussion is likely to concern itself with the administrative features of the tax.

The *Eighth Annual Report of the Statistics of Municipal Finances* of Massachusetts (Bureau of Statistics, Boston, 1915, pp. 301) contains three charts illustrating the trend of municipal expenditures, of debt and assessed valuation, and showing the volume of certification of notes by months during a period of five years.

The Massachusetts state forester (6 Beacon St., Boston) has issued *The New Massachusetts Forest Taxation Law Explained and Printed in Full* (pp. 43). This deals with the new law passed in 1914. It describes the purpose of the new act, how it works, and the new taxes including the forest land tax, forest commutation tax, and forest product tax. Illustrations show what kinds of land pay the several taxes.

The Colorado Taxpayers' Protective League in coöperation with the city council and auditor of the city and county of Denver have been publishing a series of reports in order to illustrate the new system of accounting whereby the budget is set forth in a more intelligible form. It is hoped that an experiment of this sort lasting over a period of six months will lead to an adoption of the system. The third report carries the figures of 1915 through September 30 (pp. 35). A pamphlet entitled *Uniform System of Accounts for the City and County of Denver, Issue of 1916* (pp. 81) contains definitions of terms, classification of accounts, general instructions as to methods of keeping the records, and text pertaining to what shall be included under each separate account. A *Manual of Accounting and Business*

Procedure for the Auditor's Office of the City and County of Denver (pp. 55) sets forth in detail the methods and forms suggested for the use of the auditor in developing, with minimum effort, the information required by the "uniform system of accounts."

The Bureau of Municipal Research of Toronto also issues a *Budget for 1915* (pp. 23). Receipts and expenditures are rearranged in order to show actual costs of services rendered and of things purchased. The pamphlet is illustrated with diagrams.

The California State Tax Association has published a pamphlet on *The Problem of High Taxes in San Francisco* (1118 Hobart Bldg., San Francisco, pp. 120). This is a discussion of some of the "avoidable causes of waste and inefficiency in transacting the city's business," the governmental organization of San Francisco, and "the taxes paid by land and improvements and by personal property" (p. 19).

The *Fourth Annual Report of the Board of Tax Commissioners of Rhode Island, January 1, 1916* (Providence, pp. 106) is especially devoted to the subject of the inheritance tax. The commission was authorized to report upon new sources of revenue and submits a draft of a proposed inheritance tax law for Rhode Island. The report includes a set of inheritance tax tables showing the classification of heirs and rates of exemption in different states. The board will gladly fill requisitions for copies of the part dealing with inheritance taxes.

Extracts from Proceedings of the State Tax Commission of New Mexico, at a session held in July, 1915, at Santa Fe, have been printed (pp. 92).

There is also in print the *Proceedings of the Commission on Taxation of Indiana* (Secretary, Fred A. Sims, Frankfort) held in Indianapolis, May 25-June 3, 1915. Professor William A. Rawles is one of the five commissioners. The pamphlet received gives a verbatim transcript of the evidence.

Further reports of the state tax commissions received are: from Alabama, for the year ending September 30, 1914 (pp. 106); *Third Annual Report of the Colorado Tax Commission* for the year 1914 (pp. 154); and from New York for 1914 (pp. 690).

Demography

The Annual Report of the Director of the Census for 1915 (Washington, pp. 29) states that there is in progress the preparation of a

statistical monograph on cancer and a statistical directory of defective, dependent, and delinquent classes. This will show the cost of maintenance per inmate. The preparatory work on the decennial census of religious bodies will be begun as soon as possible. Legislation is recommended to authorize the decennial collection of statistics of marriage and divorce.

The Bureau of the Census has published *The Census of the Deaf and Dumb, 1910* (Washington, pp. 8).

Insurance

LIFE INSURANCE INVESTMENTS AND FARM MORTGAGES. The subject for discussion at the ninth annual meeting of the Association of Life Insurance Presidents was the investment of funds of life insurance companies (see *Proceedings of the Ninth Annual Meeting of the Association of Life Insurance Presidents*, New York, 1915, pp. 146). During the past year, Mr. Robert Lynn Cox, the general counsel and manager, has conducted a thorough investigation of the amount of such funds invested in farm mortgages. The investigation included 126 companies, the real estate mortgages of which amounted to 97 per cent of all such loans held by American life insurance companies. Real estate mortgages, during the years 1904 to 1914, increased two and one half times, amounting at the last-named date to \$1,706,000,000. This represented 34.58 per cent of the total assets of American life insurance companies, and was exceeded in amount only by the investments in bonds, which amounted to \$1,981,751,698 or 40.16 per cent of the total assets. Stocks during the past decade have fallen in amount to \$90,000,000 less than one fourth of the amount for 1904. Of the 148 companies from which data were obtained, 17 make loans only on farm property, 15 only on real property in cities, towns and villages, while the remainder, 116, loaned on both urban and farm property. Of the total mortgage loans, 39.03 per cent were on farms in the United States, 59.24 per cent on other real property in the United States, and 1.73 per cent were on real estate mortgages in Porto Rico, Canada, and other foreign countries.

Statistics were collected in respect to the geographical distribution of the loans, which showed that less than 1 per cent of the farm mortgages were held in the Middle Atlantic States, while 86 per cent of such mortgages were in the northwestern group of states. In general, the farm loans in the eastern states are small, in the central, northern, and southern states larger, but in the southwestern

and northwestern states largest. However, the mortgage loans on real estate other than farms are greatest in the eastern or New England and Middle Atlantic states. The explanation is offered that savings banks and private capital have supplied the loans on farms in the older and more populous sections. It is shown that about 40 per cent of the mortgages were on farms and about 60 per cent on other real property, but the latter loans, based upon the census valuation of the property, represent a lower percentage of the total value of the property.

There is a very close correlation between the total amount loaned on farm mortgages in the particular states and the total value of the farm lands. In the eight states in which loans in each amount to \$3,000,000 or over, only two exceptions in this respect are found, *viz.*, Illinois, being fifth in loans and first in farm values, and Texas, being eighth in farm loans and third in farm values.

There is a decided variation in the interest rates received—from over 8 per cent in Utah and Idaho to 5.16 and 5.19 per cent in Illinois and Massachusetts. The average interest received has been 5.55 per cent.

Comparing these loans on farm mortgages with those reported to the Comptroller of the Currency in 1914 held by 26,765 banks and trust companies, it appears that the life insurance companies are the larger owners of farm mortgages.

Washington University.

W. F. GEPHART.

The *Opinions of the Solicitor for the Department of Labor dealing with Workmen's Compensation from August, 1908, to April, 1915*, have been brought together in a single volume (Washington, pp. 811). There is a complete digest and index of opinions.

Bulletin 185 of the federal Bureau of Labor Statistics, *Compensation Legislation of 1914 and 1915* (Oct., 1915, pp. 397), is a supplement to Bulletin No. 126 issued two years previously. A comparative analysis of existing workmen's compensation laws is presented in the form of a large folding chart.

The Industrial Accident Board of Massachusetts has issued Bulletin No. 13, *The Sequel to the Invitation to Employers to Organize for Safety* (Boston, Oct., 1915, pp. 18). This is a comparative study showing a saving in compensation payments as the result of safety efforts by certain employers. Bulletin 14 is entitled *Tables Used by the Industrial Accident Board for the Determination of Weekly Com-*

pensation, Length of Term and Present Value of Payments by Lump Sum (Oct., 1915, pp. 24).

Insurance pamphlets received are as follows:

Origin of the Standard Fire Insurance Policy, an address delivered before the Insurance Society of New York, Nov. 22, 1911, by Elijah R. Kennedy (pp. 24).

Health Insurance. Standards and Tentative Draft of an Act (New York, American Association for Labor Legislation, Nov., 1915, pp. 26).

The Ohio State Insurance Manual. Rules and Rates Effective July 1, 1915 (Columbus, Industrial Commission of Ohio, 1915, pp. 185).

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